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ARIZONA CORPORATION COMMISSION

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Letter to the Editor:

Have you ever opened up your telephone bill to find charges for services you never asked for? Or maybe you discovered that your telecom provider had been changed without your okay. You are not alone. The Arizona Corporation Commission's Consumer Services section has received many such complaints. These tactics are known as "cramming" and "slamming."

Slamming is the unauthorized switching of a customer's service from one telecommunications carrier to another. Cramming occurs when a telecommunications provider adds and bills for services that are not requested by or authorized by the customer.

After extensive input from the public and thorough review by the Commissioners, the Commission approved slamming and cramming rules which impose stiff penalties on any company caught slamming or cramming a customer. I call these rules the telephone consumer's "Bill of Rights." The Commission can impose substantial fines (\$7,500.00 for the first offense, \$15,000.00 for each subsequent offense) if the Commission determines that a company has engaged in these fraudulent and deceptive practices. If the fines the Commission imposes do not stop the illegal and unethical behavior, the Commission can revoke a company's authority to do business in Arizona.

The rules have numerous consumer protection provisions including the following:

- Consumers are not responsible for unauthorized charges and cannot be disconnected for failure to pay disputed charges. Furthermore, the company cannot attempt collection or report non-payment of the charge to credit agencies while the charges are being disputed.
- Companies must refund any unauthorized charges. Under the slamming rules, companies are obligated to refund 150% of the unauthorized charges (100% of charges for cramming).
- Telecommunications companies will be required to publish an annual notice of consumers' rights in English and Spanish, similar to what is provided to credit card holders. The notice will also advise customers to report slamming and cramming to the Arizona Corporation Commission.
- The Commission will assist in investigating and resolving slamming and cramming complaints through an informal complaint process and if the resolution is unsatisfactory to the customer, he or she can file a formal complaint.
- Explicit consumer authorization is required before a company can make any changes to a customer's service. Changes in provider would require one or more of the following:
1) written authorization from the customer; 2) voice recording; 3) electronic

authorization with third party verification. Third party verification requires the companies to connect the customer with a completely unrelated or unaffiliated company to verify the customer's request.

- Companies will be required to keep electronic voice recordings, written authorizations or third party verification records for a minimum of 24 months.
- Telecommunications companies must file, under seal, a copy of all scripts used by its sales or customer service workers.

The slamming and cramming rules apply to any telephone service provider operating in Arizona, excluding wireless carriers. There lies the problem. Currently the Commission does not have the authority to apply these rules to wireless providers. I am told that the technology does not exist, at this time, that would allow wireless providers to slam customers, but the Commission does receive a number of complaints from wireless customers being crammed by their providers.

A change to Arizona's statutes is required in order for the Commission to provide the same protection to wireless customers that wireline customers currently enjoy. I look forward to working with state legislators during the next session to change the statute to allow us to apply these rules to wireless providers and put them on equal footing with wired carriers.

Please feel free to contact the Commission if you have concerns regarding service you receive from any of the companies which we regulate. My own web address is WMundell@cc.state.az.us and my commission phone number is 602-542-3935.

Sincerely,

A handwritten signature in black ink, reading "William A. Mundell". The signature is written in a cursive, flowing style.

William A. Mundell, Commissioner
Arizona Corporation Commission